

Senate Commerce, Labor and Agriculture Committee Number 1

AMENDMENT NO. _____

Signature of Sponsor

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

AMEND Senate Bill No. 2315*

House Bill No. 2708

by deleting all language of the printed bill following the enacting clause and by substituting instead the following:

Section 1. Tennessee Code Annotated, Section 48-203-103, is amended by deleting the word and figure "two (2)" and substituting instead the word and figure "one (1)".

Section 2. Tennessee Code Annotated, Section 48-204-101(c)(4), is amended by inserting the words "or limited" after the words "In the case of a general".

Section 3. Tennessee Code Annotated, Section 48-204-102, is amended by adding a new subsection (d) as follows:

(d) The ownership interests of the partners in the converting partnership, including interests in capital accounts, profits, losses and distributions, unless otherwise agreed by the unanimous consent of all partners or such other number or percentage as provided in the partnership agreement, shall become the membership interests of the members in the converted entity.

Section 4. Tennessee Code Annotated, Section 48-205-101(6), is amended by deleting the word and figure "two (2)" and substituting instead the word and figure "one (1)".

Section 5. Tennessee Code Annotated, Section 48-206-102(c)(2), is amended by deleting the words "may order dissolution" and substituting instead the words "may conduct or continue the dissolution and winding up".

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Section 6. Tennessee Code Annotated, Section 48-211-101, is amended by deleting the first sentence of the section in its entirety and substituting instead the following:

For purposes of all state and local Tennessee taxes, a foreign or domestic LLC shall be treated as (i) a division of an entity taxable as an association or a proprietorship, (ii) a partnership or (iii) an association taxable as a corporation as such classification is determined for federal income tax purposes. If a foreign or domestic LLC owned by a single non-corporate member is classified as other than an association taxable as a corporation for federal income tax purposes, such LLC shall be deemed to be a person under Tennessee Code Annotated, Section 67-2-102. Notwithstanding the preceding, if the LLC has a debt obligation to its member, the LLC and such member with respect to such obligation shall be considered separate persons for purposes of Tennessee Code Annotated, Section 67-2-102.

Section 7. Tennessee Code Annotated, Section 48-211-101, is amended by inserting the words "treated as a partnership" following the words "The members of a domestic LLC" and preceding "are subject to all state and local Tennessee taxes".

Section 8. Tennessee Code Annotated, Section 48-245-101(a)(2), is amended by deleting the word "or" and by substituting instead the punctuation "," and by inserting at the end of the phrase the words and punctuation "or upon the occurrence of an event specified in the articles or operating agreement."

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Section 9. Tennessee Code Annotated, Section 48-245-101(a)(5), is amended by deleting the words "Subject to Section 48-238-105," and substituting instead the words "For LLCs created prior to the effective date of this act, or for LLCs formed prior to such date but whose articles are amended to elect application of this revised section,".

Section 10. Tennessee Code Annotated, Section 48-245-101(b), is amended by deleting the words "are at least two (2) remaining members" and substituting instead the words "at least one (1) remaining member" and by inserting at the end of such subsection the following sentence:

In the event a partnership or a limited liability company which is a member of an LLC dissolves under applicable state law but is reconstituted or reorganized and continued in accordance with applicable state law within ninety (90) days of such dissolution, such member shall be deemed (i) not to have terminated such member's continued membership in the LLC, and (ii) not to have incurred a dissolution event described in subdivisions (a)(5)(A)-(J).

Section 11. Tennessee Code Annotated, Sections 48-245-101(c)(1) and (2), are amended by deleting the word "(K)" and by substituting instead the word "(J)".

Section 12. Tennessee Code Annotated, Section 48-245-101(c)(2), is amended by deleting the words "those members serving as governors" and substituting instead the words "one (1) or more members" and by deleting the word "If the articles permit, the " and substituting instead the word "The".

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Section 13. Tennessee Code Annotated, Section 48-245-101, is amended by adding a new subsection (e) as follows:

(e) Effective Date of Dissolution. The effective date of a dissolution that occurs by reason of subdivisions (1), (2), (3) or (4) of subsection (a) is the date fixed by the articles or by the requisite action or order. The effective date of a dissolution that occurs by reason of any event that terminates the continued membership of a member in the LLC or any event specified in subdivisions (a)(5)(A)-(J) is the ninety-first day after the dissolution event occurs, unless the articles or operating agreement provides an earlier effective date.

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